

**U.S. Department of Labor**

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October 9, 2008

Ms. Gwendolyn Lane, President  
Postal Workers, American, AFL-CIO  
SA Delaware State Branch  
P.O. Box 12103  
Wilmington, DE 19850

LM File Number 542-620  
Case Number: [REDACTED]

Dear Ms. Lane:

This office has recently completed an audit of APWU Delaware State Branch under the Compliance Audit Program (CAP) to determine your organization's compliance with the provisions of the Labor-Management Reporting and Disclosure Act of 1959 (LMRDA). As discussed during the exit interview with you on October 3, 2008, the following problems were disclosed during the CAP. The matters listed below are not an exhaustive list of all possible problem areas since the audit conducted was limited in scope.

Recordkeeping Violation

Title II of the LMRDA establishes certain reporting and recordkeeping requirements. Section 206 requires, among other things, that labor organizations maintain adequate records for at least five years by which each receipt and disbursement of funds, as well as all account balances, can be verified, explained, and clarified. As a general rule, labor organizations must maintain all records used or received in the course of union business.

For disbursements, this includes not only original bills, invoices, receipts, vouchers, and applicable resolutions, but also documentation showing the nature of the union business requiring the disbursement, the goods or services received, and the identity of the recipient(s) of the goods or services. In most instances, this documentation requirement can be satisfied with a sufficiently descriptive expense receipt or invoice. If an expense receipt is not sufficiently descriptive, a union officer or employee should write a note on it providing the additional information. For money it receives, the labor organization must keep at least one record showing the date, amount, purpose, and source of that money. The labor organization must also retain bank records for all accounts.

The audit of APWU Delaware State Branch's 2007 records revealed the following recordkeeping violation:

#### General Reimbursed Expenses

APWU Delaware State Branch did not retain adequate documentation for reimbursed expenses incurred by President Gwendolyn Lane totaling at least \$1,200.00. For example, the branch disbursed check [REDACTED] to Lane for \$1,365.68 on October 7, 2007 as reimbursement for incurred travel expenses. Union records did not contain receipts for at least \$331.00 of the reimbursed expenses.

Union records also did not contain backup documentation to verify the purpose of all travel expense disbursements to Lane. During the audit year Lane received travel expenses for attending conferences, conventions and trainings. These travel related expenses totaled at least \$10,335.87. Branch records did not contain backup documentation verifying the purpose of the travel. During the audit the union provided flyers and registration forms verifying that all of Lane's travel was for union business.

As previously noted above, labor organizations must retain original receipts, bills, and vouchers for all disbursements. The president and treasurer (or corresponding principal officers) of your union, who are required to sign your union's LM report, are responsible for properly maintaining union records.

Based on your assurance that APWU Delaware State Branch will retain adequate documentation in the future, OLMS will take no further enforcement action at this time regarding the above violations.

### Reporting Violation

The audit disclosed a violation of LMRDA Section 201(b), which requires labor organizations to file annual financial reports accurately disclosing their financial condition and operations. The Labor Organization Annual Report Form LM-3 filed by APWU Delaware State Branch for fiscal year ending December 31, 2007, was deficient in the following area:

#### Disbursements to Officers

APWU Delaware State Branch did not report reimbursements to Lane totaling at least \$3,353.98 in Item 24 (All Officers and Disbursements to Officers). It appears the union erroneously reported these payments in Item 48 Office and Administrative Expenses.

The union must report most direct disbursements to APWU Delaware State Branch officers and some indirect disbursements made on behalf of its officers in Item 24. A "direct disbursement" to an officer is a payment made to an officer in the form of cash, property, goods, services, or other things of value. See the instructions for Item 24 for a discussion of certain direct disbursements to officers that do not have to be reported in Item 24. An "indirect disbursement" to an officer is a payment to another party (including a credit card company) for cash, property, goods, services, or other things of value received by or on behalf of an officer. However, indirect disbursements for temporary lodging (such as a union check issued to a hotel) or for transportation by a public carrier (such as an airline) for an officer traveling on union business should be reported in Item 48 (Office and Administrative Expense).

I am not requiring that APWU Delaware State Branch file an amended LM report for 2007 to correct the deficient items, but the branch has agreed to properly report the deficient items on all future reports it files with OLMS.

### Other Violation

The audit disclosed the following other violation:

### Inadequate Bonding

The audit revealed a violation of LMRDA Section 502 (Bonding), which requires that union officers and employees be bonded for no less than 10 percent of the total funds those individuals or their predecessors handled during the preceding fiscal year. During the audit year the APWU Delaware State Branch was under bonded by \$78.00. During the audit the union increased its bonding coverage and provided OLMS with its new bonding certificate that confirms the Branch is now bonded for the required LMRDA amount.

I want to extend my personal appreciation to APWU Delaware State Branch for the cooperation and courtesy extended during this compliance audit. I strongly recommend that you make sure this letter and the compliance assistance materials provided to you are passed on to future officers. If we can provide any additional assistance, please do not hesitate to call.

Sincerely,



Investigator

cc: Anita Lane, Treasurer